

BUSINESS VALUATION UPDATE

TIMELY NEWS, ANALYSIS, AND RESOURCES FOR DEFENSIBLE VALUATIONS

Synergyflow: A New System Designed to Add Intelligent Workflow to the BV Process

A new player in the business valuation software arena, ValueVision Inc., is releasing a comprehensive software platform called Synergyflow. It was developed by practitioners who recognized the need to make the valuation process more efficient and more effective than traditional systems have done up to now. *BVU* spoke with Greg Endicott, CPA/ABV, ASA, CEIV, the president and CEO of ValueVision Inc., the developer of the system, who discussed Synergyflow and its planned launch this month.

BVU: *There are a number of business valuation software packages on the market. Is Synergyflow just another one of these?*

Greg Endicott: No. It's not a valuation software package in the traditional sense. That is, you don't install it, plug in numbers, and come out with a valuation. It is a software as a service intelligent workflow platform that allows users to create, acquire, manage, and deploy the knowledge capital utilized in the valuation process. Additionally, it overcomes many of the limitations of traditional BV software packages and other methods and tools practitioners use.

BVU: *What limitations are inherent to traditional BV software packages?*

GE: Traditional business valuation systems are generally limited in their flexibility. For the most part, you are locked into the way a particular system works. That is, you are given certain tools and models to use, and you have to work inside a particular box. While some of these systems are better than others, the inherent problem with

this approach is that the valuation method in the system may not be appropriate for the subject entity, and it may require you to use certain sources of information, etc. Also, existing packages may be useless for certain engagements, such as compensation valuation and purchase price allocations. With Synergyflow, we took a completely different approach, a more foundational approach, that provides the complete capability to use it for any engagement type, using any tools the appraiser wants to use.

BVU: *Are you talking about an open-sourced type of system?*

GE: Yes, that was our vision for this platform. It allows you to customize the system for your intended usage and assemble the tools you need based upon the types of engagements you're doing.

BVU: *Is there another system out there that could be compared to Synergyflow?*

GE: In some ways, Synergyflow is similar to a CRM system, such as Salesforce, which allows for collaboration, workflow, and a single platform where you can manage clients or projects. This type of system gives you the ability to disseminate information to ensure consistency in the engagements being processed. When I was with a large firm, the concern was that analysts in different office locations around the country were each valuing similar types of businesses using different tools and approaches. Also, there was no way to efficiently share intellectual content. Our goal with Synergyflow was to create a collaborative,

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user-centered system that provides a robust platform for leveraging knowledge capital to enhance profitability, increase quality, and save time, all while managing risk.

BVU: *So it's more of a framework and a workflow application as opposed to BV software.*

GE: That's correct. I would call it a knowledge management and project management platform.

BVU: *Can it be used along with a traditional BV software package?*

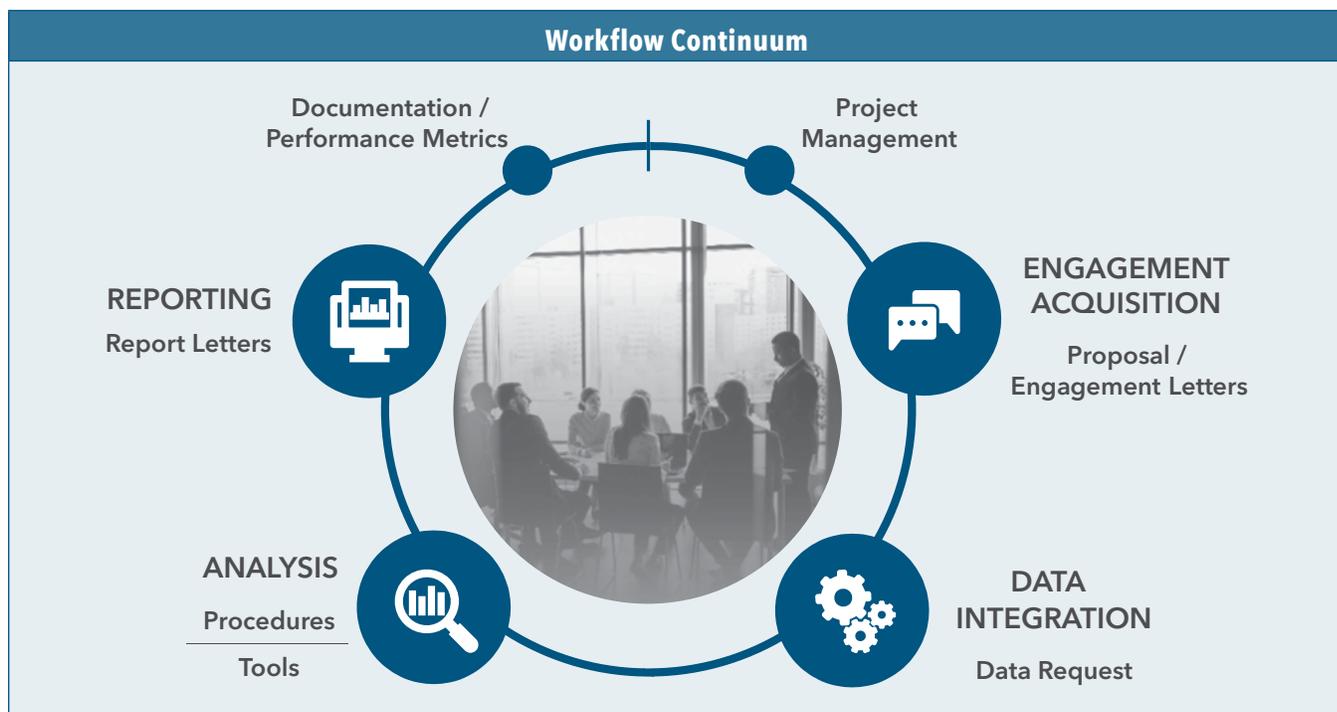
GE: Yes. If you are using valuation software, that software package can be integrated into the Synergyflow platform. You can use as many of the features of the platform as you want, but you don't have to use features that don't add value to your workflow and project management.

BVU: *Do I need to have a BV software package to use Synergyflow?*

GE: No. Existing processes—data request lists, procedures, tools, and models—can be integrated into Synergyflow, which then helps you manage your overall knowledge capital, as well as each engagement. The framework is designed based upon the common paradigm that all valuation engagements share (see exhibit), so it can be used with any and all types of engagements. The software is web-based, so it can be accessed from your internet browser.

BVU: *So, the platform is populated with the specific elements of a firm's process?*

GE: Yes. For example, within the "Procedures" section, you would include internal procedures (such as organizational policies, checklists, and questionnaires), as well as external procedures (such as specific standards or official guidance, including, as an example, the Mandatory Performance Framework for fair value). The "Tools" section would contain elements such as databases, industry reports, economic research, Rev.



Rul. 59-60, or any other information that needs to go into a valuation report. All of this can be updated on a real-time basis as you acquire more resources, either internally or from third parties. It's completely flexible.

All information entered into the system collectively represents your intellectual capital, which can be extracted by engagement type. An engagement type is defined by the combination of the project type (purpose) and the industry. This allows for its use with any type of engagement, whether it is a Hospital ASC 805 for financial reporting purposes or a minority interest in a manufacturing company for tax purposes.

BVU: *When someone acquires the system, is it prepopulated with any data or information?*

GE: No, similar to other, customizable platform software, Synergyflow is unpopulated when you first access it. There is no knowledge capital in your account. You are able to customize and populate the various sections yourself. We are developing implementation tools and services to assist users, to the extent they need assistance. This

is an important step because it forces decisions about what should be included in a firm's valuation process in order to maintain process discipline and to develop and implement best practices.

Additionally, we have developed a complementary platform, known as the Marketplace.

BVU: *What's the 'Marketplace'?*

GE: The "Marketplace" is a platform in which you can purchase and manage third-party tools needed to complete your valuations. As I mentioned, your firm's tools are stored in Synergyflow's "Tools" section, and, if you need a tool that is not already available to you there, you have the option of going to the "Marketplace" to potentially acquire it. Tools you already possess, or those you have acquired outside of the Marketplace can also be loaded into the system.

BVU: *It sounds like you have to perform a sort of workflow audit when you're setting up the system.*

GE: As a former auditor, the word "audit" has specific connotations to me; I would probably

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call it more of a compilation or a review of processes and procedures. However, your point is essentially correct in that a complete implementation of the platform will necessitate a review and assessment of your existing processes, practices, and knowledge capital. However, it doesn't have to be perfect from the very beginning because the platform will continue to evolve over time.

BVU: *What other features does it have?*

GE: There are so many features that it would be difficult to go through them all. However, a few key features may be of particular interest. One nice feature is that you can have clients directly access the data-gathering part of the system on their own. This allows for a much more specific, efficient, and documented data-gathering process, as opposed to data rooms, emails, or other typical methods—and all while maintaining complete flexibility to work the way you need to work, given the nature of the client and the engagement. This can be a tremendous time-saver.

Project management is another powerful feature of the platform. You can set up different views of all of your firm's ongoing engagements and the work status of each. This information is documented in the system and gives you the ability to see the "who" and the "what" behind various aspects of each project.

The "Tools" section displays the information resources your firm has at its disposal, including internally developed tools, such as spreadsheets, as well as external, third-party tools. The tools are mapped to specific types of projects in such a way that they will show up automatically, depending on the particular project you're working on. For example, if the engagement is to value a small "Main Street" business, the BIZCOMPS database would show up, with a note indicating that the market approach needs to be considered, and, by the way, here is the tool to use. For a tool to show up, the firm has to have obtained

it through one of three methods: through the Marketplace, through internal development, or through a third party.

BVU: *Is there a demo that readers can access to give it a test drive?*

GE: Absolutely. To take advantage of our complimentary demo offer, they can go to our website, valuevision.com. There, they will find a lot more information about the platform and an introduction video, and they will be able to easily access information for requesting a demo. They can also send us an email request to Support@ValueVision.com.

BVU: *Can you discuss licensing fees?*

GE: As a software as a service platform, we are planning to offer three different licensing tiers: Starter, Professional, and Enterprise. The Starter package is completely free, providing one user the ability to become familiarized with the system while working on a few starter projects. The Professional tier has a larger feature set and is typically appropriate for small firms with up to five users. It provides room for growth and a larger number of projects. The Enterprise tier is designed for a firm with a larger number of users, allowing for a potentially unlimited number of projects and clients. As far as pricing, we are aiming to provide a compelling value proposition for users, which would equate to a subscription license fee of less than one hour of billable time per month. Given the significant amount of time savings, as well as additional features, we believe this will deliver a tremendous return on investment, both financially as well as qualitatively.

BVU: *Anything else you'd like to tell readers about Synergyflow?*

GE: Synergyflow creates tremendous opportunities, not only through the benefits we've discussed, but also in creating an ecosystem of marketplace content contributors and implementation advisors. Subject matter experts,

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resource providers, and other members of the valuation ecosystem can monetize their intellectual capital and develop new ways to reach their target audience directly in a timely fashion. Also, this is a platform that can help valuers and other consultants work with contractors, clients,

and others, and we anticipate other implementation consulting opportunities for users who have a strong understanding of the platform. When properly implemented, the Synergyflow platform is a significant leap forward in the evolution of how valuation work is performed.

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